

ASSEMBLY BILL

No. 2009

Introduced by Assembly Member Weber

February 20, 2014

An act to add Sections 8258, 8258.1, 8258.2, 8258.3, 9259, 9259.1, 9259.2, 9259.3., 30457, 30457.1, 30457.2, 30457.3, 32458, 32458.1, 32458.2, 32458.3, 43507, 43507.1, 43507.2, 43507.3, 45855.6, 45855.61, 45855.62, 45855.63, 46607, 46607.1, 46607.2, 46607.3, 50155.6, 50155.61, 50155.62, 50155.63, 55306, 55306.1, 55306.2, 55306.3, 60611, 60611.1, 60611.2, and 60611.3 to, to add Article 4.5 (commencing with Section 40192) to Chapter 7 of Part 19 of, and to add Article 4.5 (commencing with Section 41153) to Chapter 7 of Part 20 of, Division 2 of, the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 2009, as introduced, Weber. State Board of Equalization: administration: managed audit program.

The Sales and Use Tax Law provides for a managed audit program, in which, if the State Board of Equalization determines a taxpayer's account is eligible for the program by meeting specified criteria, and the taxpayer agrees to participate, the taxpayer examines its books, records, and equipment to determine if it has any unreported tax liability for the audit period, in compliance with the managed audit instructions provided by the board. Under that law, upon completion of the managed audit and verification by the board, interest on any unpaid liability is computed at $\frac{1}{2}$ the rate that would otherwise be imposed for liabilities covered by the audit period.

This bill would authorize a managed audit program for the Motor Vehicle Fuel Tax Law, Use Fuel Tax Law, Cigarette and Tobacco Products Tax Law, Alcoholic Beverage Tax Law, Energy Resources Surcharge Law, Emergency Telephone Users Surcharge Act, Hazardous Substances Tax Law, Integrated Waste Management Fee Law, Oil Spill Response, Prevention, and Administration Fees Law, Underground Storage Tank Maintenance Fee Law, fees collected pursuant to the Fee Collection Procedures Law, and Diesel Fuel Tax Law.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 8258 is added to the Revenue and
2 Taxation Code, to read:
3 8258. (a) The State Board of Equalization shall determine
4 which taxpayer's accounts are eligible for the managed audit
5 program in a manner that is consistent with the efficient use of its
6 auditing resources and the maximum effectiveness of the program.
7 (b) A taxpayer is not required to participate in the managed
8 audit program.
9 SEC. 2. Section 8258.1 is added to the Revenue and Taxation
10 Code, to read:
11 8258.1. A taxpayer's account is eligible for the managed audit
12 program only if the taxpayer meets all of the following criteria:
13 (a) The taxpayer's business involves few or no statutory
14 exemptions.
15 (b) The taxpayer's business involves a single or a small number
16 of clearly defined taxability issues.
17 (c) The taxpayer is taxed pursuant to this part and agrees to
18 participate in the managed audit program.
19 (d) The taxpayer has the resources to comply with the managed
20 audit instructions provided by the board.
21 SEC. 3. Section 8258.2 is added to the Revenue and Taxation
22 Code, to read:
23 8258.2. (a) If the board selects a taxpayer's account for a
24 managed audit, all of the following apply:
25 (1) The board shall identify all of the following:
26 (A) The audit period covered by the managed audit.
27 (B) The types of transactions covered by the managed audit.

1 (C) The specific procedures that the taxpayer is to follow in
2 determining any liability.

3 (D) The records to be reviewed by the taxpayer.

4 (E) The manner in which the types of transactions are to be
5 scheduled for review.

6 (F) The time period for completion of the managed audit.

7 (G) The time period for the payment of the liability and interest.

8 (H) Any other criteria that the board may require for completion
9 of the managed audit.

10 (2) The taxpayer shall:

11 (A) Examine its books, records, and equipment to determine if
12 it has any unreported tax liability for the audit period.

13 (B) Make available to the board for verification all computations,
14 books, records, and equipment examined pursuant to subparagraph
15 (A).

16 (b) The information provided by the taxpayer pursuant to
17 paragraph (2) of subdivision (a) is the same information that is
18 required for the completion of any other audit that the board may
19 conduct.

20 SEC. 4. Section 8258.3 is added to the Revenue and Taxation
21 Code, to read:

22 8258.3. Upon completion of the managed audit and verification
23 by the board, interest on any unpaid liability shall be computed at
24 one-half the rate that would otherwise be imposed for liabilities
25 covered by the audit period. Payment of the liabilities and interest
26 shall be made within the time period specified by the board. If the
27 requirements for the managed audit are not satisfied, the board
28 may proceed to examine the records of the taxpayer in a manner
29 to be determined by the board under law.

30 SEC. 5. Section 9259 is added to the Revenue and Taxation
31 Code, to read:

32 9259. (a) The State Board of Equalization shall determine
33 which taxpayer's accounts are eligible for the managed audit
34 program in a manner that is consistent with the efficient use of its
35 auditing resources and the maximum effectiveness of the program.

36 (b) A taxpayer is not required to participate in the managed
37 audit program.

38 SEC. 6. Section 9259.1 is added to the Revenue and Taxation
39 Code, to read:

1 9259.1. A taxpayer's account is eligible for the managed audit
2 program only if the taxpayer meets all of the following criteria:

3 (a) The taxpayer's business involves few or no statutory
4 exemptions.

5 (b) The taxpayer's business involves a single or a small number
6 of clearly defined taxability issues.

7 (c) The taxpayer is taxed pursuant to this part and agrees to
8 participate in the managed audit program.

9 (d) The taxpayer has the resources to comply with the managed
10 audit instructions provided by the board.

11 SEC. 7. Section 9259.2 is added to the Revenue and Taxation
12 Code, to read:

13 9259.2. (a) If the board selects a taxpayer's account for a
14 managed audit, all of the following apply:

15 (1) The board shall identify all of the following:

16 (A) The audit period covered by the managed audit.

17 (B) The types of transactions covered by the managed audit.

18 (C) The specific procedures that the taxpayer is to follow in
19 determining any liability.

20 (D) The records to be reviewed by the taxpayer.

21 (E) The manner in which the types of transactions are to be
22 scheduled for review.

23 (F) The time period for completion of the managed audit.

24 (G) The time period for the payment of the liability and interest.

25 (H) Any other criteria that the board may require for completion
26 of the managed audit.

27 (2) The taxpayer shall:

28 (A) Examine its books, records, and equipment to determine if
29 it has any unreported tax liability for the audit period.

30 (B) Make available to the board for verification all computations,
31 books, records, and equipment examined pursuant to subparagraph
32 (A).

33 (b) The information provided by the taxpayer pursuant to
34 paragraph (2) of subdivision (a) is the same information that is
35 required for the completion of any other audit that the board may
36 conduct.

37 SEC. 8. Section 9259.3 is added to the Revenue and Taxation
38 Code, to read:

39 9259.3. Upon completion of the managed audit and verification
40 by the board, interest on any unpaid liability shall be computed at

1 one-half the rate that would otherwise be imposed for liabilities
2 covered by the audit period. Payment of the liabilities and interest
3 shall be made within the time period specified by the board. If the
4 requirements for the managed audit are not satisfied, the board
5 may proceed to examine the records of the taxpayer in a manner
6 to be determined by the board under law.

7 SEC. 9. Section 30457 is added to the Revenue and Taxation
8 Code, to read:

9 30457. (a) The State Board of Equalization shall determine
10 which taxpayer's accounts are eligible for the managed audit
11 program in a manner that is consistent with the efficient use of its
12 auditing resources and the maximum effectiveness of the program.

13 (b) A taxpayer is not required to participate in the managed
14 audit program.

15 SEC. 10. Section 30457.1 is added to the Revenue and Taxation
16 Code, to read:

17 30457.1. A taxpayer's account is eligible for the managed audit
18 program only if the taxpayer meets all of the following criteria:

19 (a) The taxpayer's business involves few or no statutory
20 exemptions.

21 (b) The taxpayer's business involves a single or a small number
22 of clearly defined taxability issues.

23 (c) The taxpayer is taxed pursuant to this part and agrees to
24 participate in the managed audit program.

25 (d) The taxpayer has the resources to comply with the managed
26 audit instructions provided by the board.

27 SEC. 11. Section 30457.2 is added to the Revenue and Taxation
28 Code, to read:

29 30457.2. (a) If the board selects a taxpayer's account for a
30 managed audit, all of the following apply:

31 (1) The board shall identify all of the following:

32 (A) The audit period covered by the managed audit.

33 (B) The types of transactions covered by the managed audit.

34 (C) The specific procedures that the taxpayer is to follow in
35 determining any liability.

36 (D) The records to be reviewed by the taxpayer.

37 (E) The manner in which the types of transactions are to be
38 scheduled for review.

39 (F) The time period for completion of the managed audit.

40 (G) The time period for the payment of the liability and interest.

1 (H) Any other criteria that the board may require for completion
2 of the managed audit.

3 (2) The taxpayer shall:

4 (A) Examine its books, records, and equipment to determine if
5 it has any unreported tax liability for the audit period.

6 (B) Make available to the board for verification all computations,
7 books, records, and equipment examined pursuant to subparagraph
8 (A).

9 (b) The information provided by the taxpayer pursuant to
10 paragraph (2) of subdivision (a) is the same information that is
11 required for the completion of any other audit that the board may
12 conduct.

13 SEC. 12. Section 30457.3 is added to the Revenue and Taxation
14 Code, to read:

15 30457.3. Upon completion of the managed audit and
16 verification by the board, interest on any unpaid liability shall be
17 computed at one-half the rate that would otherwise be imposed
18 for liabilities covered by the audit period. Payment of the liabilities
19 and interest shall be made within the time period specified by the
20 board. If the requirements for the managed audit are not satisfied,
21 the board may proceed to examine the records of the taxpayer in
22 a manner to be determined by the board under law.

23 SEC. 13. Section 32458 is added to the Revenue and Taxation
24 Code, to read:

25 32458. (a) The State Board of Equalization shall determine
26 which taxpayer's accounts are eligible for the managed audit
27 program in a manner that is consistent with the efficient use of its
28 auditing resources and the maximum effectiveness of the program.

29 (b) A taxpayer is not required to participate in the managed
30 audit program.

31 SEC. 14. Section 32458.1 is added to the Revenue and Taxation
32 Code, to read:

33 32458.1. A taxpayer's account is eligible for the managed audit
34 program only if the taxpayer meets all of the following criteria:

35 (a) The taxpayer's business involves few or no statutory
36 exemptions.

37 (b) The taxpayer's business involves a single or a small number
38 of clearly defined taxability issues.

39 (c) The taxpayer is taxed pursuant to this part and agrees to
40 participate in the managed audit program.

1 (d) The taxpayer has the resources to comply with the managed
2 audit instructions provided by the board.

3 SEC. 15. Section 32458.2 is added to the Revenue and Taxation
4 Code, to read:

5 32458.2. (a) If the board selects a taxpayer's account for a
6 managed audit, all of the following apply:

7 (1) The board shall identify all of the following:

8 (A) The audit period covered by the managed audit.

9 (B) The types of transactions covered by the managed audit.

10 (C) The specific procedures that the taxpayer is to follow in
11 determining any liability.

12 (D) The records to be reviewed by the taxpayer.

13 (E) The manner in which the types of transactions are to be
14 scheduled for review.

15 (F) The time period for completion of the managed audit.

16 (G) The time period for the payment of the liability and interest.

17 (H) Any other criteria that the board may require for completion
18 of the managed audit.

19 (2) The taxpayer shall:

20 (A) Examine its books, records, and equipment to determine if
21 it has any unreported tax liability for the audit period.

22 (B) Make available to the board for verification all computations,
23 books, records, and equipment examined pursuant to subparagraph
24 (A).

25 (b) The information provided by the taxpayer pursuant to
26 paragraph (2) of subdivision (a) is the same information that is
27 required for the completion of any other audit that the board may
28 conduct.

29 SEC. 16. Section 32458.3 is added to the Revenue and Taxation
30 Code, to read:

31 32458.3. Upon completion of the managed audit and
32 verification by the board, interest on any unpaid liability shall be
33 computed at one-half the rate that would otherwise be imposed
34 for liabilities covered by the audit period. Payment of the liabilities
35 and interest shall be made within the time period specified by the
36 board. If the requirements for the managed audit are not satisfied,
37 the board may proceed to examine the records of the taxpayer in
38 a manner to be determined by the board under law.

SEC. 17. Article 4.5 (commencing with Section 40192) is added to Chapter 7 of Part 19 of Division 2 of the Revenue and Taxation Code, to read:

Article 4.5. Managed Audits

40192. (a) The board shall determine which electric utility's accounts are eligible for the managed audit program in a manner that is consistent with the efficient use of its auditing resources and the maximum effectiveness of the program.

(b) An electric utility is not required to participate in the managed audit program.

40192.1. An electric utility's account is eligible for the managed audit program only if the electric utility meets all of the following criteria:

(a) The electric utility's business involves few or no statutory exemptions.

(b) The electric utility's business involves a single or small number of clearly defined taxability issues.

(c) The electric utility is subject to this part and agrees to participate in the managed audit program.

(d) The electric utility has the resources to comply with the managed audit instructions provided by the board.

40192.2. (a) If the board selects an electric utility's account for a managed audit, all of the following apply:

(1) The board shall identify all of the following:

(A) The audit period covered by the managed audit.

(B) The types of transactions covered by the managed audit.

(C) The specific procedures that the electric utility is to follow in determining any liability.

(D) The records to be reviewed by the electric utility.

(E) The manner in which the types of transactions are to be scheduled for review.

(F) The time period for completion of the managed audit.

(G) The time period for the payment of the liability and interest.

(H) Any other criteria that the board may require for completion of the managed audit.

(2) The electric utility shall:

(A) Examine its books, records, and equipment to determine if it has any unreported surcharge liability for the audit period.

1 (B) Make available to the board for verification all computations,
2 books, records, and equipment examined pursuant to subparagraph
3 (A).

4 (b) The information provided by the electric utility pursuant to
5 paragraph (2) of subdivision (a) is the same information that is
6 required for the completion of any other audit that the board may
7 conduct.

8 40192.3. Upon completion of the managed audit and
9 verification by the board, interest on any unpaid liability shall be
10 computed at one-half the rate that would otherwise be imposed
11 for liabilities covered by the audit period. Payment of the liabilities
12 and interest shall be made within the time period specified by the
13 board. If the requirements for the managed audit are not satisfied,
14 the board may proceed to examine the records of the electric utility
15 in a manner to be determined by the board under law.

16 SEC. 18. Article 4.5 (commencing with Section 41153) is
17 added to Chapter 7 of Part 20 of Division 2 of the Revenue and
18 Taxation Code, to read:

19
20 Article 4.5. Managed Audits
21

22 41153. (a) The board shall determine which service supplier's
23 accounts are eligible for the managed audit program in a manner
24 that is consistent with the efficient use of its auditing resources
25 and the maximum effectiveness of the program.

26 (b) A service supplier is not required to participate in the
27 managed audit program.

28 41153.1. A service supplier's account is eligible for the
29 managed audit program only if the service supplier meets all of
30 the following criteria:

31 (a) The service supplier's business involves few or no statutory
32 exemptions.

33 (b) The service supplier's business involves a single or a small
34 number of clearly defined taxability issues.

35 (c) The service supplier is taxed pursuant to this part and agrees
36 to participate in the managed audit program.

37 (d) The service supplier has the resources to comply with the
38 managed audit instructions provided by the board.

39 41153.2. (a) If the board selects a service supplier's account
40 for a managed audit, all of the following apply:

1 (1) The board shall identify all of the following:

2 (A) The audit period covered by the managed audit.

3 (B) The types of transactions covered by the managed audit.

4 (C) The specific procedures that the service supplier is to follow
5 in determining any liability.

6 (D) The records to be reviewed by the service supplier.

7 (E) The manner in which the types of transactions are to be
8 scheduled for review.

9 (F) The time period for completion of the managed audit.

10 (G) The time period for the payment of the liability and interest.

11 (H) Any other criteria that the board may require for completion
12 of the managed audit.

13 (2) The service supplier shall:

14 (A) Examine its books, records, and equipment to determine if
15 it has any unreported tax liability for the audit period.

16 (B) Make available to the board for verification all computations,
17 books, records, and equipment examined pursuant to subparagraph
18 (A).

19 (b) The information provided by the service supplier pursuant
20 to paragraph (2) of subdivision (a) is the same information that is
21 required for the completion of any other audit that the board may
22 conduct.

23 41153.3. Upon completion of the managed audit and
24 verification by the board, interest on any unpaid liability shall be
25 computed at one-half the rate that would otherwise be imposed
26 for liabilities covered by the audit period. Payment of the liabilities
27 and interest shall be made within the time period specified by the
28 board. If the requirements for the managed audit are not satisfied,
29 the board may proceed to examine the records of the service
30 supplier in a manner to be determined by the board under law.

31 SEC. 19. Section 43507 is added to the Revenue and Taxation
32 Code, to read:

33 43507. (a) The board shall determine which taxpayer's accounts
34 are eligible for the managed audit program in a manner that is
35 consistent with the efficient use of its auditing resources and the
36 maximum effectiveness of the program.

37 (b) A taxpayer is not required to participate in the managed
38 audit program.

39 SEC. 20. Section 43507.1 is added to the Revenue and Taxation
40 Code, to read:

1 43507.1. A taxpayer's account is eligible for the managed audit
2 program only if the taxpayer meets all of the following criteria:

3 (a) The taxpayer's business or activities involve few or no
4 statutory exemptions.

5 (b) The taxpayer's business or activities involve a single or a
6 small number of clearly defined taxability or liability issues.

7 (c) The taxpayer is taxed pursuant to this part and agrees to
8 participate in the managed audit program.

9 (d) The taxpayer has the resources to comply with the managed
10 audit instructions provided by the board.

11 SEC. 21. Section 43507.2 is added to the Revenue and Taxation
12 Code, to read:

13 43507.2. (a) If the board selects a taxpayer's account for a
14 managed audit, all of the following apply:

15 (1) The board shall identify all of the following:

16 (A) The audit period covered by the managed audit.

17 (B) The types of transactions or activities covered by the
18 managed audit.

19 (C) The specific procedures that the taxpayer is to follow in
20 determining any liability.

21 (D) The records to be reviewed by the taxpayer.

22 (E) The manner in which the types of transactions or activities
23 are to be scheduled for review.

24 (F) The time period for completion of the managed audit.

25 (G) The time period for the payment of the liability and interest.

26 (H) Any other criteria that the board may require for completion
27 of the managed audit.

28 (2) The taxpayer shall:

29 (A) Examine its books, records, and equipment to determine if
30 it has any unreported liability for the audit period.

31 (B) Make available to the board for verification all computations,
32 books, records, and equipment examined pursuant to subparagraph
33 (A).

34 (b) The information provided by the taxpayer pursuant to
35 paragraph (2) of subdivision (a) is the same information that is
36 required for the completion of any other audit that the board may
37 conduct.

38 SEC. 22. Section 43507.3 is added to the Revenue and Taxation
39 Code, to read:

1 43507.3. Upon completion of the managed audit and
2 verification by the board, interest on any unpaid liability shall be
3 computed at one-half the rate that would otherwise be imposed
4 for liabilities covered by the audit period. Payment of the liabilities
5 and interest shall be made within the time period specified by the
6 board. If the requirements for the managed audit are not satisfied,
7 the board may proceed to examine the records of the taxpayer in
8 a manner to be determined by the board under law.

9 SEC. 23. Section 45855.6 is added to the Revenue and Taxation
10 Code, to read:

11 45855.6. (a) The board shall determine which feepayer's
12 accounts are eligible for the managed audit program in a manner
13 that is consistent with the efficient use of its auditing resources
14 and the maximum effectiveness of the program.

15 (b) A feepayer is not required to participate in the managed
16 audit program.

17 SEC. 24. Section 45855.61 is added to the Revenue and
18 Taxation Code, to read:

19 45855.61. A feepayer's account is eligible for the managed
20 audit program only if the feepayer meets all of the following
21 criteria:

22 (a) The feepayer's business or activities involve few or no
23 statutory exemptions.

24 (b) The feepayer's business or activities involve a single or a
25 small number of clearly defined taxability or liability issues.

26 (c) The feepayer is charged pursuant to this part and agrees to
27 participate in the managed audit program.

28 (d) The feepayer has the resources to comply with the managed
29 audit instructions provided by the board.

30 SEC. 25. Section 45855.62 is added to the Revenue and
31 Taxation Code, to read:

32 45855.62. (a) If the board selects a feepayer's account for a
33 managed audit, all of the following apply:

34 (1) The board shall identify all of the following:

35 (A) The audit period covered by the managed audit.

36 (B) The types of transactions or activities covered by the
37 managed audit.

38 (C) The specific procedures that the feepayer is to follow in
39 determining any liability.

40 (D) The records to be reviewed by the feepayer.

1 (E) The manner in which the types of transactions or activities
2 are to be scheduled for review.

3 (F) The time period for completion of the managed audit.

4 (G) The time period for the payment of the liability and interest.

5 (H) Any other criteria that the board may require for completion
6 of the managed audit.

7 (2) The feepayer shall:

8 (A) Examine its books, records, and equipment to determine if
9 it has any unreported liability for the audit period.

10 (B) Make available to the board for verification all computations,
11 books, records, and equipment examined pursuant to subparagraph
12 (A).

13 (b) The information provided by the feepayer pursuant to
14 paragraph (2) of subdivision (a) is the same information that is
15 required for the completion of any other audit that the board may
16 conduct.

17 SEC. 26. Section 45855.63 is added to the Revenue and
18 Taxation Code, to read:

19 45855.63. Upon completion of the managed audit and
20 verification by the board, interest on any unpaid liability shall be
21 computed at one-half the rate that would otherwise be imposed
22 for liabilities covered by the audit period. Payment of the liabilities
23 and interest shall be made within the time period specified by the
24 board. If the requirements for the managed audit are not satisfied,
25 the board may proceed to examine the records of the feepayer in
26 a manner to be determined by the board under law.

27 SEC. 27. Section 46607 is added to the Revenue and Taxation
28 Code, to read:

29 46607. (a) The board shall determine which feepayer's
30 accounts are eligible for the managed audit program in a manner
31 that is consistent with the efficient use of its auditing resources
32 and the maximum effectiveness of the program.

33 (b) A feepayer is not required to participate in the managed
34 audit program.

35 SEC. 28. Section 46607.1 is added to the Revenue and Taxation
36 Code, to read:

37 46607.1. A feepayer's account is eligible for the managed audit
38 program only if the feepayer meets all of the following criteria:

39 (a) The feepayer's business or activities involve few or no
40 statutory exemptions.

1 (b) The feepayer's business or activities involve a single or a
2 small number of clearly defined taxability or liability issues.

3 (c) The feepayer is charged pursuant to this part and agrees to
4 participate in the managed audit program.

5 (d) The feepayer has the resources to comply with the managed
6 audit instructions provided by the board.

7 SEC. 29. Section 46607.2 is added to the Revenue and Taxation
8 Code, to read:

9 46607.2. (a) If the board selects a feepayer's account for a
10 managed audit, all of the following apply:

11 (1) The board shall identify all of the following:

12 (A) The audit period covered by the managed audit.

13 (B) The types of transactions or activities covered by the
14 managed audit.

15 (C) The specific procedures that the feepayer is to follow in
16 determining any liability.

17 (D) The records to be reviewed by the feepayer.

18 (E) The manner in which the types of transactions or activities
19 are to be scheduled for review.

20 (F) The time period for completion of the managed audit.

21 (G) The time period for the payment of the liability and interest.

22 (H) Any other criteria that the board may require for completion
23 of the managed audit.

24 (2) The feepayer shall:

25 (A) Examine its books, records, and equipment to determine if
26 it has any unreported liability for the audit period.

27 (B) Make available to the board for verification all computations,
28 books, records, and equipment examined pursuant to subparagraph

29 (A).

30 (b) The information provided by the feepayer pursuant to
31 paragraph (2) of subdivision (a) is the same information that is
32 required for the completion of any other audit that the board may
33 conduct.

34 SEC. 30. Section 46607.3 is added to the Revenue and Taxation
35 Code, to read:

36 46607.3. Upon completion of the managed audit and
37 verification by the board, interest on any unpaid liability shall be
38 computed at one-half the rate that would otherwise be imposed
39 for liabilities covered by the audit period. Payment of the liabilities
40 and interest shall be made within the time period specified by the

1 board. If the requirements for the managed audit are not satisfied,
2 the board may proceed to examine the records of the feepayer in
3 a manner to be determined by the board under law.

4 SEC. 31. Section 50155.6 is added to the Revenue and Taxation
5 Code, to read:

6 50155.6. (a) The board shall determine which feepayer's
7 accounts are eligible for the managed audit program in a manner
8 that is consistent with the efficient use of its auditing resources
9 and the maximum effectiveness of the program.

10 (b) A feepayer is not required to participate in the managed
11 audit program.

12 SEC. 32. Section 50155.61 is added to the Revenue and
13 Taxation Code, to read:

14 50155.61. A feepayer's account is eligible for the managed
15 audit program only if the feepayer meets all of the following
16 criteria:

17 (a) The feepayer's business or activities involve few or no
18 statutory exemptions.

19 (b) The feepayer's business or activities involves a single or
20 small number of clearly defined taxability or liability issues.

21 (c) The feepayer is charged pursuant to this part and agrees to
22 participate in the managed audit program.

23 (d) The feepayer has the resources to comply with the managed
24 audit instructions provided by the board.

25 SEC. 33. Section 50155.62 is added to the Revenue and
26 Taxation Code, to read:

27 50155.62. (a) If the board selects a feepayer's account for a
28 managed audit, all of the following apply:

29 (1) The board shall identify all of the following:

30 (A) The audit period covered by the managed audit.

31 (B) The types of transactions or activities covered by the
32 managed audit.

33 (C) The specific procedures that the feepayer is to follow in
34 determining any liability.

35 (D) The records to be reviewed by the feepayer.

36 (E) The manner in which the types of transactions or activities
37 are to be scheduled for review.

38 (F) The time period for completion of the managed audit.

39 (G) The time period for the payment of the liability and interest.

1 (H) Any other criteria that the board may require for completion
2 of the managed audit.

3 (2) The feepayer shall:

4 (A) Examine its books, records, and equipment to determine if
5 it has any unreported liability for the audit period.

6 (B) Make available to the board for verification all computations,
7 books, records, and equipment examined pursuant to subparagraph
8 (A).

9 (b) The information provided by the feepayer pursuant to
10 paragraph (2) of subdivision (a) is the same information that is
11 required for the completion of any other audit that the board may
12 conduct.

13 SEC. 34. Section 50155.63 is added to the Revenue and
14 Taxation Code, to read:

15 50155.63. Upon completion of the managed audit and
16 verification by the board, interest on any unpaid liability shall be
17 computed at one-half the rate that would otherwise be imposed
18 for liabilities covered by the audit period. Payment of the liabilities
19 and interest shall be made within the time period specified by the
20 board. If the requirements for the managed audit are not satisfied,
21 the board may proceed to examine the records of the feepayer in
22 a manner to be determined by the board under law.

23 SEC. 35. Section 55306 is added to the Revenue and Taxation
24 Code, to read:

25 55306. (a) The board shall determine which feepayer's
26 accounts are eligible for the managed audit program in a manner
27 that is consistent with the efficient use of its auditing resources
28 and the maximum effectiveness of the program.

29 (b) A feepayer is not required to participate in the managed
30 audit program.

31 SEC. 36. Section 55306.1 is added to the Revenue and Taxation
32 Code, to read:

33 55306.1. A feepayer's account is eligible for the managed audit
34 program only if the feepayer meets all of the following criteria:

35 (a) The feepayer's business or activities involve few or no
36 statutory exemptions.

37 (b) The feepayer's business or activities involve a single or a
38 small number of clearly defined taxability or liability issues.

39 (c) The feepayer is subject to the collection procedures in this
40 part and agrees to participate in the managed audit program.

1 (d) The feepayer has the resources to comply with the managed
2 audit instructions provided by the board.

3 SEC. 37. Section 55306.2 is added to the Revenue and Taxation
4 Code, to read:

5 55306.2. (a) If the board selects a feepayer's account for a
6 managed audit, all of the following apply:

7 (1) The board shall identify all of the following:

8 (A) The audit period covered by the managed audit.

9 (B) The types of transactions or activities covered by the
10 managed audit.

11 (C) The specific procedures that the feepayer is to follow in
12 determining any liability.

13 (D) The records to be reviewed by the feepayer.

14 (E) The manner in which the types of transactions or activities
15 are to be scheduled for review.

16 (F) The time period for completion of the managed audit.

17 (G) The time period for the payment of the liability and interest.

18 (H) Any other criteria that the board may require for completion
19 of the managed audit.

20 (2) The feepayer shall:

21 (A) Examine its books, records, and equipment to determine if
22 it has any unreported liability for the audit period.

23 (B) Make available to the board for verification all computations,
24 books, records, and equipment examined pursuant to subparagraph
25 (A).

26 (b) The information provided by the feepayer pursuant to
27 paragraph (2) of subdivision (a) is the same information that is
28 required for the completion of any other audit that the board may
29 conduct.

30 SEC. 38. Section 55306.3 is added to the Revenue and Taxation
31 Code, to read:

32 55306.3. Upon completion of the managed audit and
33 verification by the board, interest on any unpaid liability shall be
34 computed at one-half the rate that would otherwise be imposed
35 for liabilities covered by the audit period. Payment of the liabilities
36 and interest shall be made within the time period specified by the
37 board. If the requirements for the managed audit are not satisfied,
38 the board may proceed to examine the records of the feepayer in
39 a manner to be determined by the board under law.

SEC. 39. Section 60611 is added to the Revenue and Taxation Code, to read:

60611. (a) The board shall determine which taxpayer's accounts are eligible for the managed audit program in a manner that is consistent with the efficient use of its auditing resources and the maximum effectiveness of the program.

(b) A taxpayer is not required to participate in the managed audit program.

SEC. 40. Section 60611.1 is added to the Revenue and Taxation Code, to read:

60611.1. A taxpayer's account is eligible for the managed audit program only if the taxpayer meets all of the following criteria:

(a) The taxpayer's business involves few or no statutory exemptions.

(b) The taxpayer's business involves a single or a small number of clearly defined taxability issues.

(c) The taxpayer is taxed pursuant to this part and agrees to participate in the managed audit program.

(d) The taxpayer has the resources to comply with the managed audit instructions provided by the board.

SEC. 41. Section 60611.2 is added to the Revenue and Taxation Code, to read:

60611.2. (a) If the board selects a taxpayer's account for a managed audit, all of the following apply:

(1) The board shall identify all of the following:

(A) The audit period covered by the managed audit.

(B) The types of transactions covered by the managed audit.

(C) The specific procedures that the taxpayer is to follow in determining any liability.

(D) The records to be reviewed by the taxpayer.

(E) The manner in which the types of transactions are to be scheduled for review.

(F) The time period for completion of the managed audit.

(G) The time period for the payment of the liability and interest.

(H) Any other criteria that the board may require for completion of the managed audit.

(2) The taxpayer shall:

(A) Examine its books, records, and equipment to determine if it has any unreported tax liability for the audit period.

1 (B) Make available to the board for verification all computations,
2 books, records, and equipment examined pursuant to subparagraph
3 (A).

4 (b) The information provided by the taxpayer pursuant to
5 paragraph (2) of subdivision (a) is the same information that is
6 required for the completion of any other audit that the board may
7 conduct.

8 SEC. 42. Section 60611.3 is added to the Revenue and Taxation
9 Code, to read:

10 60611.3. Upon completion of the managed audit and
11 verification by the board, interest on any unpaid liability shall be
12 computed at one-half the rate that would otherwise be imposed
13 for liabilities covered by the audit period. Payment of the liabilities
14 and interest shall be made within the time period specified by the
15 board. If the requirements for the managed audit are not satisfied,
16 the board may proceed to examine the records of the taxpayer in
17 a manner to be determined by the board under law.